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March 31, 1999

Dear Sir,

The International Metalworkers' Federation (IMF), a non-governmental organisation based in Geneva, Switzerland, with 6.5 million members in the Americas hereby submits its view on the FTAA negotiations.

The attached paper reflects the position of its affiliated organisations in the Americas which met in Santiago, Chile from March 24-25, 1999.

We trust that our comments will be presented to the FTAA negotiators for their consideration and acted upon.

Yours faithfully,

Marcello Malentacchi
General Secretary

Encl: IMF policy paper on the FTAA
Executive summary

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EXECUTIVE SUMMARY

The International Metalworkers' Federation (IMF) represents the collective interests of 6,5 million people in the Americas working in key industries such as steel, shipbuilding, non-ferrous, automobile, aerospace, electrical and electronics.

Metalworkers in the Americas organised in the IMF acknowledge the commitment of the trade ministers' meeting in San José, Costa Rica, to facilitate the participation of civil society in the FTAA negotiation process and welcomes the opportunity to submit their views on trade and development issues in a constructive manner.

More and more voices are being raised in the Americas to question the benefit of free trade and open financial markets on working people. Experience shows that unfettered competition leads to a downhill race and free trade agreements deepen poverty and income inequalities.

If the FTAA is to improve the working conditions of people in the Americas and better protect the environment as spelled out in the San José Declaration, it is our strong belief that the FTAA agenda must be expanded and squarely address labour and social issues which result from trade and investment liberalisation.

The negotiating process must be fully democratised, transparent and re-oriented. As representatives of the working people, unions must be fully involved in the process and have their views fully reflected in any future FTAA agreement.

Internationally recognized labour standards must be incorporated into the negotiating process and included *in any* future hemispheric trade agreement. International core labour standards and trade liberalisation are not mutually exclusive but they are mutually reinforcing goals. The implementation of these standards would enhance economic growth and assure broadly-based prosperity. Workers' rights are basic human rights. Their respect is a fundamental prerequisite for democracy, stability and equity.

Economic integration must be underlain by a set of labour standards and environmental protection that consider the link between trade and workers' rights. Deep links exist between labour standards and development and in order to be successful, trade policies must integrate a social dimension.

A provision, that would commit the FTAA participants not to lower their domestic standards regarding labour, health and safety and the environment, to attract foreign investment is a necessary but not a sufficient response. Productive investments that serve development goals should be encouraged.

Access to foreign markets is important for promoting growth and development. But exclusive dependence on export-led growth is not sustainable. Domestic markets also have a role to play in fostering economic growth and must be valued as such. The global economy needs consumers who can capture a fair share of the wealth they contribute to produce. The elimination of tariff barriers should be accompanied by co-ordinated programmes to ensure that, as national industries become more efficient, the workers' social and labour rights are preserved.

Competition policy should not be made at the expense of the working people. Market pressures must not be used as an argument for cutting wages and social benefits and lowering labour standards. Competition --based -on product innovation -and -quality should be encouraged.

Labour and social issues must be a significant part of the FTAA agenda. The financial crisis in emerging economies has added urgency to the labour agenda. There have been massive lay-offs, instability and adverse impact on workers' lives in countries with inadequate labour standards and social safety nets. Governments must therefore introduce effective controls on short-term capital movements in the interest of economic and social stability. **Any** future FTAA must incorporate provisions which allow governments to establish and implement policies that prioritise long-term productive investments with a view to preventing disruptive capital flight.

Appropriate enforcement mechanisms must be established to ensure that labour and environmental standards are effectively adhered to. Non-compliance with the agreement should be immediately remedied.

We believe that international trade can contribute to improving workers' living standards and promoting sustainable and equitable development only if workers' rights, the environment and other critical issues are made central elements in international negotiations and incorporated into the core of any future FTAA.

Labour strongly reiterates its demand for the recognition of the Union Forum and the creation of a special working group on labour issues. It will not be possible to advance towards the integration of the peoples in the Americas unless the negotiating process is transparent and democratic and provides for the effective participation of civil society in these negotiations.